


2011 FIRST EXTRAORDINARY SESSION
ACTUARIAL NOTE HB 21

House Bill 21 HLS 111ES-24 Reengrossed with House Floor Amendments #83 Author: Representative Kevin Pearson Date: March 25, 2011 LLA Note HB 21.03 Organizations Affected: Various Louisiana Public Retirement Systems RE SEE ACTUARIAL NOTE	The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.  David K. Greer, CPA First Assistant Legislative Auditor
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Bill Header: CENSUS: Provides relative to provisions in Title 11 which are limited in applicability to political subdivisions or local areas meeting specified population characteristics (Item #8). Retirement Systems affected are the Louisiana State Employees’ Retirement System (LASERS), Teachers’ Retirement System of Louisiana (TRSL), Clerks’ of Court Retirement and Relief Fund (CCRS), Municipal Employees’ Retirement System (MERS), and Parochial Employees’ Retirement System (PERS).

Cost Summary:

Actuarial Cost/(Savings) to Retirement Systems and OGB	See Actuarial Note
Total Five Year Fiscal Cost	
Expenditures	See Actuarial Note
Revenues	See Actuarial Note

Estimated Actuarial Impact:

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with other fiscal concerns.

<u>Actuarial Cost (Savings) to:</u>	<u>Increase (Decrease) in</u> <u>The Actuarial Present Value</u>
All Louisiana public retirement systems	See Actuarial Note
Other Post Retirement Benefits	See Actuarial Note
Total	See Actuarial Note

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 Year Total
State General Fund	See Below	See Below	See Below	See Below	See Below	See Below
Agy Self Generated	See Below	See Below	See Below	See Below	See Below	See Below
Stat Deds/Other	See Below	See Below	See Below	See Below	See Below	See Below
Federal Funds	See Bleow	See Bleow	See Bleow	See Bleow	See Bleow	See Bleow
Local Funds	See Below	See Below	See Below	See Below	See Below	See Below
Annual Total	See Below	See Below	See Below	See Below	See Below	See Below

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 Year Total
State General Fund	See Below	See Below	See Below	See Below	See Below	See Below
Agy Self Generated	See Below	See Below	See Below	See Below	See Below	See Below
Stat Deds/Other	See Below	See Below	See Below	See Below	See Below	See Below
Federal Funds	See Bleow	See Bleow	See Bleow	See Bleow	See Bleow	See Bleow
Local Funds	See Below	See Below	See Below	See Below	See Below	See Below
Annual Total	See Below	See Below	See Below	See Below	See Below	See Below

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Bill Information:

Current Law

Current law provides special rules for specified employee groups of certain political jurisdictions. The political jurisdictions so identified are not named, but rather are identified as jurisdictions with a specified population size. Population sizes in current law are narrow enough to apply to only one political subdivision. The following sections of Title 11 contain such language. The political jurisdiction to which the population size pertains is also identified below (but not in the law).

R.S. 11:413 pertains to employees of a political jurisdiction with a population ranging from 180,000 to 185,000. The only jurisdiction to which this provision of law could apply is Calcasieu Parish.

R.S. 11:721.1 pertains to superintendents of school districts in a city or parish with a population exceeding 450,000. The only jurisdiction to which this provision of law could apply is Orleans Parish and Jefferson Parish.

R.S. 11:1511 pertains to cities with a population that exceeds 400,000. The only city to which this law could apply is the city of New Orleans.

R.S. 11:1562 pertains to cities with a population that exceeds 400,000. The only city to which this law could apply is the city of New Orleans.

R.S. 11:1752 pertains to cities with a population that exceeds 400,000. The only city to which this law could apply is the city of New Orleans.

R.S. 11:1921 pertains to parishes with a population that ranges from 23,350 to 23,400. The only parish to which this law could apply is Assumption Parish.

Proposed Law

Proposed law replaces population ranges with the name of the specific jurisdiction to which the law applies.

Implications of the Proposed Changes

Unless changes are made to current law, retirement benefits provisions affecting certain employees of cities and parishes identified by population size will cease to apply in future years because the populations of the relevant political jurisdictions no longer satisfy the population criteria so defined.

Cost Analysis

Analysis of Actuarial Costs

Retirement Systems

Provisions of retirement law pertaining to various political jurisdictions have been written in such a matter as to apply only to those jurisdictions having a specified population size based on the most recent federal census. Because of census changes between 2000 and 2010, provisions that currently apply to jurisdictions will no longer apply unless the law is changed. HB 21 amends several such benefit provisions to remove the population criteria and to specify the jurisdiction by name.

For example, R.S. 413 as currently written pertains to jurisdictions with a population between 180,000 and 185,000. Based on the 2000 census, this provision of law pertains to Calcasieu Parish. If the law is not changed, no jurisdiction will satisfy this condition. Other sections of law and the population conditions applicable under the 2000 and 2010 censuses are summarized below in Table A.

Table A

Section of Law	Description in Current Law	2000 Census	2010 Census
R.S. 11:413	Jurisdictions with a Population between 180,000 and 185,000	Calcasieu Parish	No Jurisdiction
R.S. 11:721.1	City or Parish with a Population exceeding 450,000	Orleans Parish Jefferson Parish	No City or Parish
R.S. 11:1511 R.S. 11:1562 R.S. 11 1752	City with a population exceeding 400,000	New Orleans	No City
R.S. 11:1921	Parishes with a Population between 23,350 and 23,400.	Assumption Parish	No Parish

HB 21 amends current law to replace the population conditions with the specific names of the appropriate jurisdictions. As a result the provisions of these sections of law will continue to apply to the jurisdictions to which they applied in accordance with the 2000 census.

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The actuarial cost or savings associated with this bill cannot be determined. If the law is not changed, various pension rules relative to certain employees of Calcasieu Parish, Orleans Parish, Jefferson Parish, the City of New Orleans, and Assumption Parish will no longer apply.

For example, R.S. 11:721.1 currently provides that “... no city or parish superintendent of a school system located in a city or parish having a population in excess of 450,000 shall be required to participate in the Teachers’ Retirement System of Louisiana...” This law as written affected Orleans and Jefferson Parishes. However, as a result of the 2010 census, this section of law will not apply to Orleans and Jefferson.

The only way to determine actuarial costs or savings associated with HB 21 will be to identify the cost or savings associated with a repeal of these sections of law. Time and resources do not permit this analysis. The most meaningful statement about costs or savings that can be given is: “Costs associated with HB 21 are the same as the costs that would have been incurred had the census of the various political subdivisions not changed between 2000 and 2010.”

Other Post Retirement Benefits

There are no actuarial costs or savings associated with other post retirement benefits.

Analysis of Fiscal Costs

Costs associated with HB 21 are the same as the costs that would have been incurred had the census of the various political subdivisions not changed between 2000 and 2010.

Dual Referral

<u>Senate</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 ≥ \$100,000 Annual Fiscal Cost	<input type="checkbox"/> 6.8(F) ≥ \$100,000 Annual Fiscal Cost
<input type="checkbox"/> 13.5.2 ≥ \$100,000 Annual Tax or Fee Change	<input type="checkbox"/> 6.8(G) ≥ \$100,000 Tax or Fee Increase or a Net Fee Decrease